

HYDRA EXPLORATIONS LIMITED

Eighth Annual Report



FOR THE YEAR ENDED MAY 31, 1967

HYDRA EXPLORATIONS LIMITED

President

A. W. JOHNSTON

Vice-President and General Manager

H. B. HICKS

Secretary-Treasurer

W. M. O'SHAUGHNESSY

Directors

A. W. JOHNSTON

H. B. HICKS

L. E. WETMORE

W. C. CAMPBELL

W. M. O'SHAUGHNESSY

Transfer Agent and Registrar

GUARANTY TRUST COMPANY OF CANADA
TORONTO AND MONTREAL

Auditors

CAMPBELL, LAWLESS & PUNCHARD
TORONTO

Head Office

SUITE 1600, 100 ADELAIDE STREET WEST, TORONTO 1, ONTARIO

EIGHTH ANNUAL REPORT

FOR THE YEAR ENDED MAY 31, 1967

DIRECTORS' REPORT TO THE SHAREHOLDERS:

October 24, 1967

The Directors are pleased to present the eighth Annual Report of the Company, for the year ended May 31, 1967, together with the financial statements for the period and the report of the Company's Auditors thereon.

During the year under review a 30-claim property in the Nottaway River area of north-western Quebec was optioned and five holes totalling 1,035 feet were drilled on a geophysical anomaly. Although some mineralization was encountered, this was not of ore grade.

An option was acquired on the property of Premier Gaspé Mines Limited comprising 30 claims in Bonnacamp Township in the Gaspé Peninsula of Quebec. Subsequent to the end of the fiscal year a diamond drilling campaign, again carried out over geophysical anomalies, returned nothing of interest.

Prospecting on the Bamaji Lake molybdenite prospect in northwestern Ontario failed to reveal any worthwhile targets for further exploration.

At the present time, Hydra, in partnership with another mining company, is investigating the potential of a small high-grade silver-lead-antimony property in the Bridger River district of British Columbia. Currently, a series of metallurgical tests on samples obtained from underground workings is being carried out.

In addition to its continued review of present property holdings, your Company maintains its program of preliminary prospecting and property examination as opportunity presents.

Enclosed herewith you will find an Information Circular and a Notice calling the Annual General Meeting of Shareholders on Wednesday, November 29, 1967, at the hour of eleven o'clock in the forenoon.

If you cannot attend the meeting in person, you are requested to sign and return the enclosed proxy at your earliest convenience, in order that your shares may be represented at the meeting.

On Behalf of the Board,

ASHTON W. JOHNSTON,

President.

HYDRA EXPLORATIONS LIMITED

BALANCE SHEET

AMALGAMATED UNDER THE LAWS OF ONTARIO

ASSETS

		<u>1966</u>
Cash in bank and short term bank deposits	\$ 71,229	\$ 102,696
Investments in shares of and advances to other mining companies, at cost		
Listed (quoted market value \$448,750) (see note 1)	\$ 347,971	341,300
Unlisted (quoted market value \$962)	5,401	5,402
Advances to other mining company	300	9,703
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	353,672	356,405
Mineral claims, rights and interests, at cost	378,780	374,389
Preproduction expenditures	1,424,454	1,386,543

Approved by the Board:

H. BRODIE HICKS, Director.

W. M. O'SHAUGHNESSY, Director.

<u><u>\$2,228,135</u></u>	<u><u>\$2,220,033</u></u>
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31, 1967

LIABILITIES

		1966
Accounts payable and accrued liabilities	\$ 2,402	\$ 2,501

CAPITAL STOCK

Authorized

5,000,000 shares of a par value of \$1 each

Issued

4,050,040 shares	\$4,050,040	4,050,040
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Less discount thereon	1,450,000	1,450,000
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	2,600,040	2,600,040
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DEFICIT	374,307	382,508
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	2,225,733	2,217,532
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NOTE 1:

Included in the market value of \$448,750 is an amount of \$179,775, being the market value of shares in a mining company which have been lodged with a depository in exchange for voting trust certificates under the terms of an agreement whereby the voting rights of the shares have been transferred to other persons. There is no quoted market value for the voting trust certificates.

NOTE 2:

Under an option agreement to acquire an interest in mineral claims in Electoral District of Gaspe North, Quebec, the company is committed to perform \$15,000 in exploration and development work. Approximately \$2,900 had been performed to May 31, 1967.

\$2,228,135	\$2,220,033
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AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Hydra Explorations Limited as at May 31, 1967 and the statements of deficit, preproduction expenses and source and application of funds for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of deficit, preproduction expenses and source and application of funds present fairly the financial position of the Company as at May 31, 1967 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

CAMPBELL, LAWLESS & PUNCHARD

Chartered Accountants

Toronto, Ontario
September 15, 1967

PREPRODUCTION EXPENSES

Year to May 31, 1967

		1966
Balance beginning of year		
Predecessor companies	\$1,167,756	\$1,167,756
Amalgamated company	218,787	371,308
	<u>1,386,543</u>	<u>1,539,064</u>
EXPLORATION AND DEVELOPMENT EXPENSES		
Engineering and geological services and expenses	\$ 5,481	11,595
Government fees, licences and acreage taxes	8,922	4,605
Diamond drilling	5,869	5,156
Heat, light and power	—	1,073
Miscellaneous supplies	—	1,629
Rental of equipment	—	987
General	407	421
	<u>20,679</u>	<u>25,466</u>
ADMINISTRATIVE EXPENSES		
Head office and accounting services and expenses	9,445	9,987
Legal and audit	500	925
Miscellaneous	191	277
Stock exchange fees and expenses	200	200
Transfer agents' fees and expenses	4,931	5,236
Government fees and taxes	210	218
Shareholders' information and publicity	1,755	1,711
	<u>17,232</u>	<u>18,554</u>
Total preproduction expenses for the year	<u>37,911</u>	<u>44,020</u>
	<u>1,424,454</u>	<u>1,583,084</u>
Deduct preproduction expenses of amalgamated company written off to deficit	—	196,541
Balance end of year	<u>\$1,424,454</u>	<u>\$1,386,543</u>

DEFICIT

Year to May 31, 1967

		1966
Balance beginning of year	\$ 382,508	\$ 147,291
Add		
Mineral claims, rights and interests of amalgamated company abandoned and preproduction expenses relating thereto written off	\$ 1,609	240,951
Advances to other mining companies written off	989	124
Investments written off	1	2,499
	<u>2,599</u>	<u>243,574</u>
	385,107	390,865
Deduct — Dividends and interest received	10,800	8,357
Balance end of year	<u>\$ 374,307</u>	<u>\$ 382,508</u>

SOURCE AND APPLICATION OF FUNDS

Year to May 31, 1967

		1966
Cash in bank and short term bank deposits beginning of year	\$ 102,696	\$ 139,136
RECEIPTS		
Dividends and interest	\$ 10,800	8,357
Refund of advances to other mining companies	8,557	—
	<u>19,357</u>	<u>8,357</u>
	122,053	147,493
DISBURSEMENTS		
Purchase of mineral claims and interest in claims	6,000	1,000
Purchase of investments	6,670	—
Preproduction expenses		
Exploration and development expenses	20,679	25,046
Administrative	17,332	18,627
Advances to other mining companies	143	124
	<u>50,824</u>	<u>44,797</u>
Cash in bank and short term bank deposits end of year	<u>\$ 71,229</u>	<u>\$ 102,696</u>